GENERAL EXCISE PAPER - ALCOHOL PRODUCTS TAX, TOBACCO PRODUCTS TAX, AND BETTING DUTY

Tax Strategy Group – TSG 18/06

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ALCOHOL PRODUCTS TAX

Introduction

1. The current rates and structures of excise duty on alcohol products are harmonised across the European Union through Directives 92/83/EEC and 92/84/EEC ('Alcohol Products Tax Directives'). This section outlines the main policy considerations regarding the Alcohol Products Tax as well as recent changes to rates, yields and consumption patterns. Finally options are set out.

Public Health Policy

2. Ireland has some of the highest rates of excise duty on alcohol products in the EU. This reflects a long-standing policy to support public health objectives.

3. The Steering Group Report on a National Substance Misuse Strategy, published in 2012, provides a set of public health policies related to alcohol consumption. The Report made four recommendations relating to excise duty: maintain excise rates at high levels; further increase excise rates for higher alcohol content products; increase the differential between excise rates applied to alcohol content levels in each alcohol product category; and increase the annual excise fee for the renewal of off licences.

4. The *Healthy Ireland Strategy*, published by Government in 2013, notes that alcohol is responsible for approximately 90 deaths every month in Ireland (which include many alcohol-related cancers and heart diseases), and outlines a high-level framework and targets for public health policy, including an objective of reducing alcohol consumption to below the OECD average of 9.2 litres of alcohol per capita. In 2017 Ireland consumed 11.0 litres of alcohol per capita. This figure has decreased slightly from 11.5 litres in 2016.

5. On foot of the Report on a National Substance Misuse Strategy, the Government announced in October 2013 that it would introduce a Public Health (Alcohol) Bill to tackle alcohol misuse. The Public Health (Alcohol) Bill was approved by Government in December 2015 and provides for: health labelling of alcohol products; minimum unit pricing (MUP) for retailing of alcohol products; regulation of marketing and advertising of alcohol; and enforcement powers for Environmental Health Officers. This Bill is currently before Dáil Éireann having passed through Committee Stage with Report Stage likely to be scheduled in September. The Bill was initiated in Seanad Éireann.

Recent Changes to Rates, Yield, and Consumption

Recent Yield Changes

6. The APT yield has increased steadily since 2013. Yields from 2017 contributed 2.4% of Exchequer tax revenue. The table below indicates yield from 2013 to 2017:

Year	Wine	Beer	Spirits	Cider/Perry	Total
2013*	€302m	€358m	€290m	€52m	€1,002m
2014*	€355m	€425m	€302m	€59m	€1,140m
2015	€355m	€417m	€311m	€54m	€1,137m
2016	€380m	€430m	€338m	€59m	€1,207m
2017	€382m	€424m	€353m	€61m	€1,220m
2018#	€386m	€427m	€362m	€61m	€1,236m

*Rate Change #Estimated

The alcohol products tax yield in 2018 is currently running 1.7% ahead of 2017 receipts.

Recent Rate Changes

7. The table below indicates changes in the main rates of duty and their incidence on the representative alcohol product since 1993, when the current structure of the Alcohol Products Tax came into effect. The last rate changes were made in 2014.

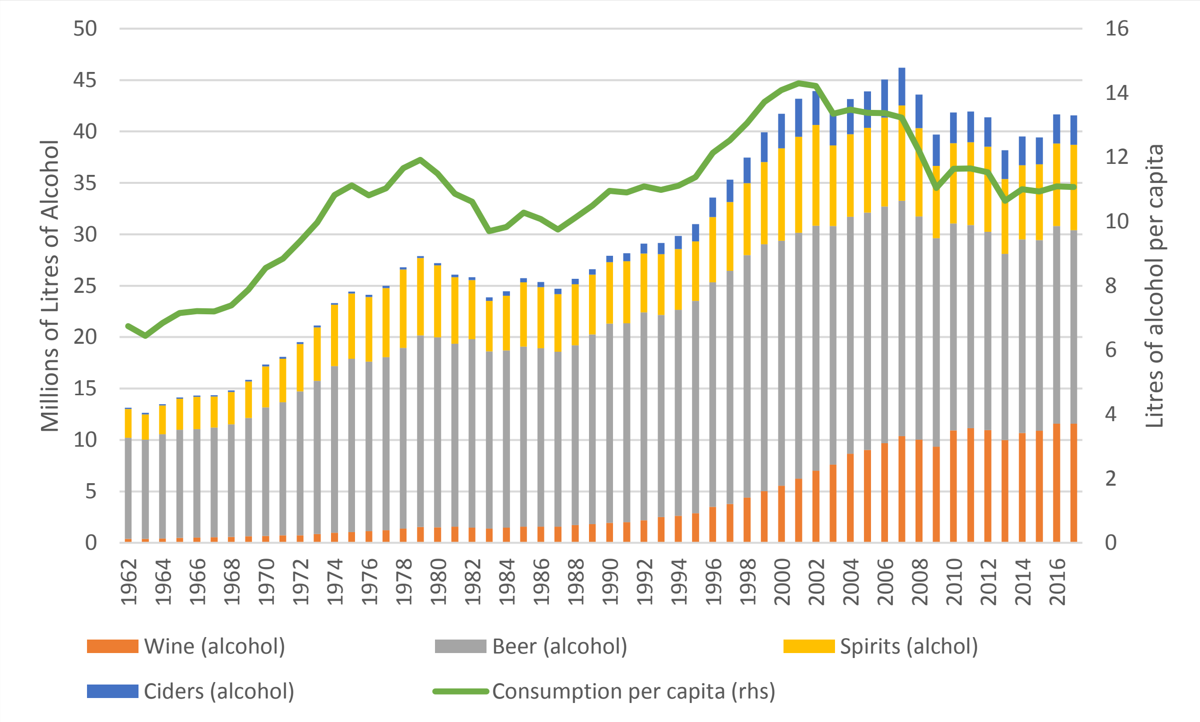
Year	Beer (4.3% ABV Pint)	Still Wine (12.5% ABV bottle)	Spirits (40% ABV glass)	Cider (4.5% ABV Pint)
1993	€0.45	€1.94	€0.39	€0.22
1994	€0.49	€2.05	€0.39	€0.25
2002	€0.49	€2.05	€0.39	€0.47
2003	€0.49	€2.05	€0.55	€0.47
2009	€0.49	€2.46	€0.55	€0.47
2010	€0.38	€1.97	€0.44	€0.37
2013	€0.47	€2.78	€0.52	€0.46
2014	€0.55	€3.19	€0.60	€0.54

Changes to Consumption Patterns

8. Graph 1 below indicates the total nominal quantity of pure alcohol by product released for Irish consumption, and the associated per capita consumption of pure alcohol. Consumption per capita has been steadily declining since 2000 but in recent years the general trend has slightly increased again, standing at 11 litres per adult in 2017. Similarly, the volume of alcohol released for consumption has increased in recent years. It should be noted that the figures below do not capture alcohol products

purchased outside the State and do capture alcohol products consumed in the State by foreign visitors.

Graph 1 - Nominal consumption of alcohol products (lhs) and litres of alcohol consumed per capita (black line rhs), 1960 to 2017

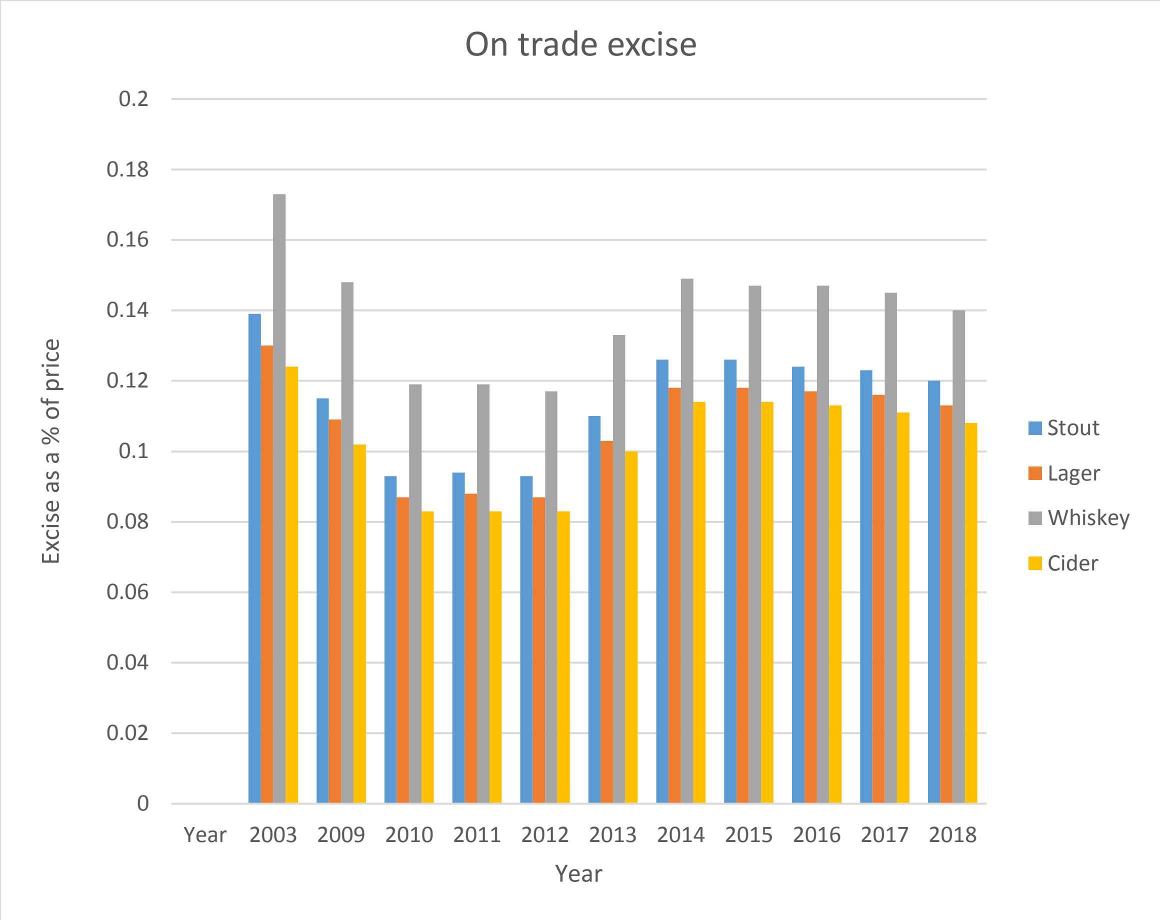


9. Graph 1 also indicates that consumer taste has changed with greater consumption, in particular, of wine. The increased consumption of wine has had implications for the pub trade, as over 80% of wine is purchased in the off-trade while the less than 20% of wine purchased in the on-trade is often consumed in restaurants rather than in pubs. Given that excise duty on alcohol is largely unchanged as a proportion of price over the years, it is unlikely that tax is the driving factor in consumption change. In this regard, the consumption, and composition of consumption, of alcohol products is driven by personal disposable income, individual consumer preference, the availability of alcohol products, the pricing strategies of multiples and publicans, and cultural changes.

<u>Recent Retail Price Developments – On trade</u>

10. Graph 2 below illustrates the trend in excise duties as a percentage of the national average price of the representative pint of stout, pint of lager, bottle of cider and glass of whiskey sold in the on-trade. Broadly speaking, the trend has been stable from 2014 to 2017, despite a slight decrease last year.

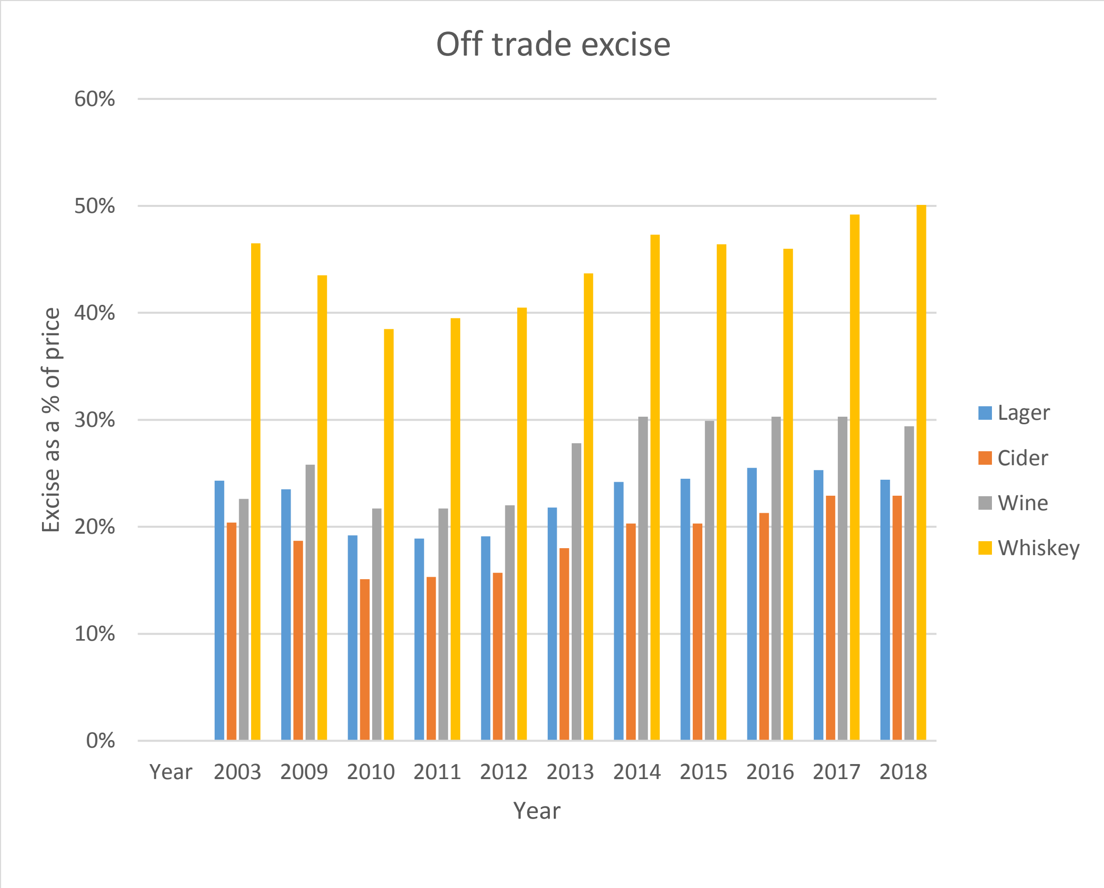
Graph 2: Trends in excise duties as a percentage of on-trade prices



<u>Recent Retail Price Developments – Off trade</u>

11. Graph 3 below illustrates the trend in excise duties as a percentage of the national average price of the representative can of lager, can of cider, bottle of wine and bottle of whiskey sold in the off-trade. Broadly speaking, the trend has been stable for lager and wine and slightly up for whisky and cider, from 2014 to 2018.

Graph 3: Trends in excise duties as a percentage of off-trade prices



12. As excise duty rates have not been changed since 2014, any recent changes illustrated in the graphs above are attributable to price changes.

Non-Irish Duty Paid Alcohol: Cross-Border Purchases

Cross-Border Purchases

13. Price differences between the South and North are determined by (i) VAT and excise rates in both jurisdictions, (ii) exchange rates, and (iii) the pricing strategies of retailers. The current UK standard VAT rate is 20%, compared to the Irish rate of 23%. Given that the UK imposes similarly high rates of excise duty on alcohol products, the most important determinant of price differentials is usually the exchange rate. The sterling-euro rate has been relatively stable since September 2017.

    The table below shows the results of the most recent cross-border price survey carried out by the Revenue Commissioners (17 May 2018) in selected comparable alcohol products.

Analysis of off-trade cross border price difference

Year	Price in this State	Price in N. Irl	Price Difference	Total Tax State	Total Tax NI	Tax Difference	€/£ exchange rate
Can - Lager	€2.20	€1.66	€0.54	€0.90	€0.80	€0.10	€0.87
Bottle - Wine	€10.85	€8.70	€2.15	€5.22	€3.93	€1.29	€0.87
Whiskey	€26.78	€23.21	€3.57	€16.93	€13.09	€3.84	€0.87
Can - Guinness	€2.17	€2.11	€0.06	€0.88	€0.81	€0.07	€0.87
Vodka	€20.00	€15.48	€4.52	€14.91	€11.22	€3.69	€0.87

Minimum Unit Pricing

14. The Public Health (Alcohol) Bill will provide for the introduction of minimum unit pricing for alcohol here. The legal challenge to its introduction by the Scottish Whiskey Association has been cleared with the decision of the European Court that if it could be demonstrated that MUP was more effective than increasing excises in producing the desired health outcomes, then it was proportionate to introduce MUP. The Scottish Supreme Court ruled in favour of the introduction of MUP in November 2017.

15. The introduction of MUP here should be subject to a similar simultaneous proposal in Northern Ireland. Otherwise, the probable outcome of introducing MUP solely in the South would be an increase in cross border trade in alcohol as well as other products while not achieving the health outcomes sought. The Bill as published is subject to commencement order by the Minister.

EU Context

<u>Potential Changes to the Alcohol Products Directive</u>

16. On 25 May 2018 the Commission made a proposal amending the Alcohol Products Directive 92/83/EEC on the harmonization of the structures of excise duties on alcohol and alcoholic beverages. This proposes to raise the threshold for low strength beer to 3.5% from 2.8% and introduces a definition for cider.

17. The proposed amendment to the Alcohol Products Directive legislates for the extension of excise relief for microbreweries to small cider producers. Currently,

Article 4 of EU Directive 92/83/EEC provides for the application of reduced rates, or relief, of excise duty of up to 50% less than the national rate of excise duty in respect of breweries producing 200,000 hectolitres (hl) or less of beer per annum. In Ireland, a 50% on excise duties is currently applied to the first 30,000 hl of beer produced per annum by microbreweries producing no more than 40,000 hl. As such, it would be possible for Member States to provide small cider producers excise relief under the existing conditions as are currently offered to beer microbrewers.

Options to increase the excise on alcohol products

18. The following table shows the estimated effect of a range of VAT inclusive increases in excise duties in terms of yield:

	1c	2c	3c	4c	5c	10c	15c	20c
Beer (per pint)	€6.8m	€13.6m	€20.4m	€27.1m	€33.9m	€67.4m	€100.4m	€133.1m
Spirits (1/2 glass)	€4.0m	€8.0m	€12.0m	€15.9m	€19.8m	€38.9m	€57.4m	€75.1m
Cider (per pint)	€1.0m	€1.9m	€2.9m	€3.9m	€4.9m	€9.7m	€14.4m	€19.1m

	5c	10c	15c	20c	25c	50c	75c	100c
Wine (per bottle)	€3.2m	€6.3m	€9.5m	€12.5m	€15.5m	€30.0m	€43.4m	€55.7m

Please be advised that these figures assume no change in consumer behaviour, including in relation to cross border purchases.

TOBACCO PRODUCTS TAX

Introduction

19. The current rates and structures of excise duty on tobacco products are harmonised across the European Union through Directive 2011/64/EU ('Tobacco Products Tax Directive'). Recent changes to rates, yields and consumption patterns are outlined below. In addition, the main policy considerations regarding the Tobacco Products Tax are outlined:

- Uncertainty over forecasts and changes in receipts;
- Non-Irish duty paid products including tobacco smuggling and cross-border issues;
- Public health policy and the impact of standardised packaging;
- Minimum excise duty and market trends;
- EU Issues;
- Novel Products.

Recent Changes to Rates, Yield, and Consumption

<u>Recent Rate Changes</u>

20. As of January 2018, Ireland has the highest rates of duty on tobacco products, including on cigarettes and roll-your-own (RYO) tobacco in the EU (see appendix II). This reflects a long-standing policy of levying high rates of excise duty on tobacco products. Excise duty on tobacco products has increased in 22 of the last 26 budgets. The rate of duty on RYO tobacco is currently €335.342 per kilogram, or €10.06 per 30g pack. The price of a pack of 20 cigarettes in the most popular price category (MPPC) now stands at €12.20, with a tax content of €9.56 split between €7.28 of excise duty and €2.28 in VAT.

21. The table below shows the tax increase, trade increase and tax content of the MPPC of a pack of 20 cigarettes following each of the past nine budgets. As can be seen, while the tax content has increased significantly over the period the tobacco industry has imposed price increases of its own to maintain the industry content of a pack of 20 at around 21% of the retail price.

Budget	Tax Increase	Trade Increase	Tax Content	Tax content as % of price
Budget 2010	-3.5c	13.5c	€6.71	78.5%
Budget 2011	0c	10c	€6.75	78.0%
Budget 2012	44.3c	10.7c	€7.21	78.4%
Budget 2013	10c	10c	€7.34	78.1%
Budget 2014	10c	10c	€7.47	77.8%
Budget 2015	40c	0c	€7.87	78.7%

Budget 2016	50c	0c	€8.37	79.7%
Budget 2017	50c	0c	€8.87	80.6%
Budget 2018	50c	20c	€9.51	78%

Recent Revenues

22. Despite a long term decline in consumption of cigarettes per capita (see paragraph 37), TPT receipts rose in nominal terms from €586m in 1994 and have peaked at €1,397m in 2017. The significant increase in receipts for 2017 stand out against recent trends, with receipts overall steadily falling from 2009 to a low in 2014, before steadily recovering in 2015 and 2016. The 2017 figure is, however, skewed by a larger than expected yield in the second half of last year (see paragraph 53). Since 2008, there has been an increase in the consumption of RYO tobacco, driven by reductions in disposable income between 2009 and 2013, and by the differentials in price between RYO and cigarettes. Accordingly, receipts from tobacco products other than cigarettes rose from 3.4% of TPT receipts in 2008 to 11.1% of receipts in 2017.

Year	Cigarettes	Other Smoking Tobacco	Total
2005	€1,054m	€26m	€1,080m
2006	€1,071m	€32m	€1,103m
2007*	€1,155m	€37m	€1,192m
2008*	€1,132m	€40m	€1,171m
2009*	€1,155m	€61m	€1,217m
2010	€1,101m	€59m	€1,160m
2011	€1,057m	€69m	€1,126m
2012*	€990m	€83m	€1,072m
2013*	€955m	€109m	€1,064m
2014*	€881m	€102m	€984m
2015*	€938m	€145m	€1,082m
2016*	€973m	€124m	€1,098m
2017*	€1,241m	€156m	€1,397m
2018#	€993m	€110m	€1,103m

*Rate Change (#2018 figures are current Revenue estimates)

23. Forecasting yields is becoming increasingly difficult with continued irregularities and fluctuations in tobacco clearances and tax receipts. While overall yields have continued to rise since 2014, issues such as front-loading (spurred by regulatory deadlines) and projected decreases in smoking prevalence have created uncertainty. In this environment, the Revenue Commissioners have indicated that further increases in excise duties may not lead to increased revenue yields.

Recent Retail Price Developments: MPPC V WAP

24. There are typically two ways of assessing average tobacco prices in the market, namely the MPPC (the most popular price category), and the WAP (weighted average price). It is essentially a mode versus mean comparison, with the MPPC representing the price category from which most cigarettes are sold while the WAP is a calculation of the average price across the market.

25. The EU Commission have called for a move towards using the WAP as a point of reference, citing more transparency of the arrangements and in order to create a level playing field across the tobacco sector.

26. While the MPPC has traditionally been considered representative in Ireland's case, with the market dominated by premium 20 stick cigarette packs, trends in recent years has seen significant increases in the market share of large packs and value packs (often discounted), rendering the MPPC a less accurate measure of the market price. Overall, the percentage of cigarette packs purchased at the MPPC, has fallen from 70% in 2011 to 27% in 2017.

27. For 2017, the MPPC stood at €575, while the WAP was €539.50 (both measures are per 1000 cigarettes). In the context of a 20 stick pack of cigarettes, this works out at a MPPC of €11.50, and a WAP of €10.79 (these are full years for 2017).

28. With a more varied price market, the WAP may, for the purposes of budgetary analysis, be a more accurate representation of the retail price in the current market.

Non-Irish Duty Paid Tobacco: Cross-Border Purchases and Tobacco Smuggling

Illegal Tobacco Products

29. Results from the latest Ipsos MRBI survey conducted on behalf of the Revenue Commissioners and the National Tobacco Control Office of the Health Service Executive indicate that 13% of cigarettes consumed in the State in 2017 were illicit. This marks an increase from 10% in 2016, though there remains an overall reduction from 15% in 2011.

Year	Illegal Cigarettes	Estimated tax loss*	Non-Irish duty Paid
2009	16%	€285m	6%
2010	15%	€249m	9%
2011	15%	€258m	8%
2012	13%	€240m	7%
2013	12%	€212m	5%

2014	11%	€214m	6%
2015	12%	€192m	6%
2016	10%	€170m	8%
2017	13%	€229m	9%

*Assuming illegal cigarettes consumed displaced equivalent tax-paid quantity of cigarettes

30. Revenue seized approximately 34.2 million cigarettes with a value of approx. €19.5m in 2017. The quantity of cigarettes and tobacco seized since 2010 and the estimated value of those seizures is outlined below.

	Cigarettes			Other Tobacco		
Year	No. of Seizures	Quantity	Estimated Retail Value	No. of Seizures	Quantity (kg)	Estimated Retail Value
2010	9,026	178.3m	€75.20m	1,171	3,367	€1.20m
2011	10,581	109.10m	€45.95m	1,500	11,158	€4.00m
2012	8,108	95.60m	€43.30m	1,395	5,277	€1.95m
2013	5,802	40.80m	€18.90m	1,086	4,203	€1.70m
2014	5,852	53.4m	€25.5m	1,014	9,824	€4.20m
2015	5,927	67.9m	€34.41m	1,227	2,364	€1.09m
2016	4,965	44.6m	€23.5m	1,137	1527	€0.74m
2017	4,493	34.2m	€19.45m	1,277	1,768	€0.89m
2018*	1,558	28.5m	€17.1m	492	71,970	€37m

*End May 2018

31. The powers of the Revenue Commissioners to tackle illegal tobacco trade is reviewed on an ongoing basis, with legislative action taken to strengthen these powers brought in recent Finance Acts. 2018 is a clear outlier in the context of previous year's seizures. This can be attributed in part to a notable seizure of over 40 tonnes of tobacco and approx. 25 million cigarettes at an illicit cigarette factory in March of this year.

Non-Duty Paid Tobacco Products

32. Recent surveys by Revenue suggest that some 9% of cigarette consumption in Ireland is accounted for by purchases abroad. Ireland currently imposes the highest level of excise duty in nominal terms based on the weighted average prices of cigarettes in the EU (see appendix I). There is therefore an incentive to bring in non-Irish duty paid tobacco products from certain other Member States. Under EU law, a person may bring into Ireland tobacco products purchased duty paid in another Member State without paying Irish tax, provided the cigarettes are purchased for the person's own use and are transported and accompanied by that person.

33. From 1 January 2014, Ireland utilised Article 46 of the EU Excise Directive (2008/118/EU), which allowed Member States to impose a quantitative restriction of 300 on the number of cigarettes that could be brought in from those Member States (Bulgaria, Croatia, Hungary, Latvia, Lithuania, and Romania) that have not yet notified the Commission that they have reached the EU minimum tobacco product tax levels. The ability to impose quantitative restrictions ended on 31 December 2017.

34. The UK Government announced in Budget 2014 that it will continue to increase tobacco duties by 2% above the rate of inflation (based on RPI) for each year up to and including 2019-20. The table below indicates the differential in price and duty in a 20 pack of cigarettes as measured by the Revenue Commissioners in the May 2018 cross-border survey carried out following the UK budgetary increase in 2018:

Year	Price in this State	Price in N. Irl	Price Difference	Total Tax State	Total Tax NI	Tax Difference	€/£ exchange rate
2010	€8.55	€7.69	€0.86	€6.71	€5.87	€0.84	0.8279
2011	€8.55	€8.05	€0.50	€6.71	€6.23	€0.48	0.8696
2012	€9.10	€9.41	-€0.31	€7.19	€7.28	-€0.09	0.8057
2013	€9.40	€9.46	-€0.06	€7.34	€7.28	€0.06	0.8516
2014	€9.60	€11.14	-€1.54	€7.47	€8.35	-€0.88	0.7911
2015	€10.00	€12.47	-€2.47	€7.87	€9.25	-€1.39	0.7403
2016	€10.80	€11.92	-€1.12	€8.45	€8.95	-€0.50	0.7867
2017	€11.50	€11.90	-€0.40	€9.01	€8.75	€0.26	0.8655
2018	€12.20	€12.89	€-0.69	€9.56	€9.25	€0.31	0.8729

Based on Central Bank's sterling euro exchange rate of 0.8729 (17 May 2018).

35. There is currently little incentive to bring non-Irish duty paid cigarettes from Northern Ireland into the State as they remain cheaper here.

36. The quantity of cigarettes a person may bring into the State duty free from outside the EU for personal use, or from territories where EU rules on VAT and excise duties do not apply, is limited to 200 cigarettes.

Public Health Policy and Standardised Packaging

Public Health Policy Towards Tobacco

37. The Programme for a Partnership Government commits to making Ireland tobacco free by 2025 (less than 5% of the population smoking). The Department of Health indicate that smoking remains the leading cause of preventable death in Ireland, accounting for nearly 19% (or 5,200) of deaths annually. It is estimated that one out of every two long-term smokers will die of a disease related to their tobacco use. In October 2013 the Department of Health published *Tobacco Free Ireland: Report of the*

Tobacco Policy Review Group, confirming a target of less than 5% smoking prevalence by 2025, which implies a near 74% reduction in the numbers smoking between 2014 and 2025. As figure 1 below shows, smoking prevalence, as measured by a survey carried out by the National Tobacco Control office of the Health Service Executive has fallen from 28.3% in June 2003 to 17.5% in 2017.

Figure 1. Smoking prevalence, 2003-2017

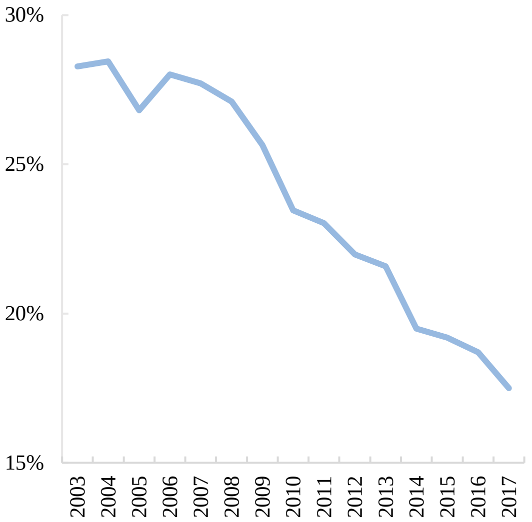
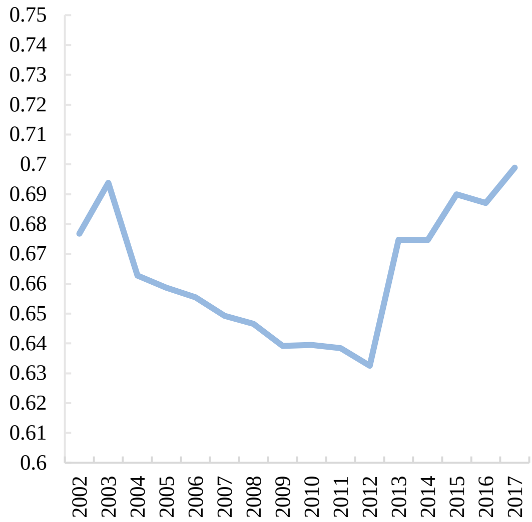


Figure 2. Ratio of excise duty on RYO tobacco to excise duty on cigarettes



38. In *Tobacco Free Ireland*, the Department of Health made a number of recommendations in relation to fiscal policy, including raising excise duty on tobacco products over a five year period and reducing the price differential between RYO and cigarettes. As figure 2 shows, the differential between RYO and cigarettes (based on the assumption that a 1kg of RYO tobacco equals 1,320 commercially-produced cigarettes) was initially addressed in Budget 2013 with an additional 50c VAT inclusive tax increase applied to a 25g pack of RYO in addition to the pro-rata 10c applied in that Budget. In Budget 2015, the rate of duty on a 25g pack of RYO was increased by an additional 20c in addition to the pro-rate 40c increase applied that Budget. RYO tobacco was increased pro-rata in Budget 2016 and again in Budget 2017. In Budget 2018 the duty on RYO was increased by an additional 25c, further to the pro-rata increase.

39. Increasing excise duty on tobacco products is only one of a number of measures that contributes to the overall strategy to reducing tobacco consumption and smoking prevalence. As part of tobacco control policy a range of initiatives have been introduced over the past number of years, including a prohibition on tobacco advertising, a prohibition on sponsorship, the smoking ban in January 2004, a prohibition on the sale of cigarettes in packs of less than 20 in May 2007 and in July

2009 a ban on the advertising and display of tobacco products in retail outlets. New combined text and picture health warnings were introduced in 2013 and further enhanced in 2016 by new regulations as part of the Tobacco Products Directive (2014/40/EU).

Standardised Packaging

40. The commencement order for the Public Health (Standardised Packaging of Tobacco) Act 2015 was signed in March 2017. This Act standardises the packaging of Tobacco products manufactured for sale in Ireland, removing all forms of branding including trademarks, logos, colours and graphics from packs. Packaging will be of a single, neutral colour and will bear only the brand and variant name in uniform typeface. The purpose of standardised packaging is to decrease the appeal of tobacco products, increase the effectiveness of health warnings on tobacco packaging, and reduce the ability of the packaging of tobacco products to mislead consumers about the harmful effects of smoking.

41. Tobacco products manufactured for retail sale in Ireland had to comply with these standardised packaging requirements from end September 2017. Retailers, however, were given a year from this date to clear non-compliant products. This is common practice in countries where standardised packaging is already in full force, such as Australia, France and the UK. All tobacco products retailing in the State after September 2018 will have standardised packaging. Some packs started appearing on shelves earlier in 2018.

42. The Revenue Commissioners are satisfied that standardised packaging of tobacco products will not damage their work to tackle the illicit tobacco trade. Revenue relies on the tax stamp to identify tax paid tobacco products, and the standardised packaging legislation will accommodate the stamp. The tax stamp contains a range of features designed to minimise the risk of counterfeiting.

Market trends

43. As set out in paragraph 26 above, the percentage of cigarettes sold at the MPPC has steadily fallen in recent years to represent just over a quarter of the market. Running in parallel with this trend is a growing divergence between the WAP and the MPPC in the Irish market where the WAP/MPPC ratio has fallen from c96% in 2014 to c84% in 2018. There has been a shift in the market from premium towards lower-priced packs.

44. In tandem with these trends, market dynamics have also seen a sizeable increase in consumption of large cigarette packs. Large packs (in this context meaning single packs containing 23 or more cigarettes) have gone from accounting for 4% of the

market in 2012 to 20% in 2017. Large packs, when measured on a per stick basis, are often priced at the cheaper end of the market.

45. While the tax policy focus on lower-priced tobacco has predominantly been on Roll-Your-Own, these market trends highlight the scope for incorporating value packs and large packs of cigarettes into future policy on addressing cheap cigarettes. The tax options to address this include raising the MED and altering the ‘specific’ and ‘ad valorem’ components of tobacco excise.

46. The Minimum Excise Duty (MED) is an available tax policy tool to, in the words of the UK Treasury, *“support public health objectives, tackle the very cheapest cigarettes and promote fiscal sustainability”.* The MED in Ireland is set at a level that only becomes relevant where the retail price of a packet of 20 cigarettes is €7.75 or below.

47. An alternative way of addressing the move towards the very cheapest cigarettes is to set the specific component of the excise tax at a high rate and the ad valorem component at a commensurately low rate. The Tobacco Products Tax Directive permits a specific component of up to 76.5% of the VAT inclusive total tax (based on the WAP). Ireland is currently well within this limit.

48. Ireland’s specific rate, at an equivalent of €6.18 per 20 pack, is very high and the ad valorem rate, at 9.04%, is commensurately low. This structure serves to significantly limit the difference in the tax take between the most expensive cigarettes and the cheapest cigarettes. However, re-balancing the specific and ad valorem rates, with a higher specific and lower ad valorem rate, would have a negative revenue impact in relation to premium priced packs. As such, increasing the MED may be a more targeted response to address the trend towards cheaper cigarettes.

49. More detailed illustrations of these proposals are set out in the ‘Options’ section and the end of this paper.

EU Context

50. Matters relating to tobacco products are governed in the first instance by both the Tobacco Products Directive and the Tobacco Products Tax Directive. The former regulates the manufacture, presentation and sale of tobacco and related products while the latter standardises matters of taxation. Though the Tobacco Products Directive does not relate directly to the taxation of tobacco products, it has extensive implications for tobacco product markets, consumption patterns and revenues raised.

Tobacco Products Directive

51. The Minister for Health has legislated for the Tobacco Products Directive (2014/40/EU) via transposing regulations (SI 271 of 2016, as amended by SI 252 of 2017) which came into force in May 2017. These regulations include measures for labelling, ingredients, tracking and tracing, cross border distance sales and the regulation of electronic cigarettes, refill containers, herbal products for smoking and novel tobacco products. E-cigarettes and refill containers must now be registered for cross border distance sales. The Directive also brought about new requirements for the size of health warnings on cigarette and RYO packs. Text and image warnings must now be included, together with cessation information, which cumulatively are required to cover 65% of product packaging.

52. One consequence of the transposition of these regulations was the fluctuation of excise receipts throughout 2016 due to front-loading of products for release. All packs released for consumption were required to meet the new packaging standards by May 2016, while old style packs could retail until May 2017. The Revenue Commissioners indicated that tobacco companies moved old stock out of warehouses in order to clear old style packets before the deadline for new standards of May 2016. At the end of June 2016, revenue net receipts in respect of tobacco products were up €261 million when compared to the same period in 2015. However, end of year cumulative receipts for 2016 overall were only up €16 million on 2015, indicating a major drop-off in in the second half of the year, in large part due to the comparative reduction of product released after front-loading.

53. Similar front-loading was observed again last year, with the Public Health (Standardised Packaging of Tobacco) Act coming into effect. Tobacco product manufacturers front-loaded old packs which did not comply with the new standardised packaging regulations before September 2017. Tobacco excise receipts finished €175m ahead of forecast at the end of 2017. This was, for the most part, due to large volumes of tobacco products being cleared from warehouses in advance of September 2017. It is important to note that such regulatory changes are making it much more difficult to predict trends in excise receipts throughout the year.

54. Furthermore, the transposition of this Directive 2014/40/EU has also brought about changes for RYO Tobacco Products. As per new regulations, the minimum pack size of RYO tobacco must now contain at least 30g of tobacco. There have been suggestions that this could have implications for consumer behaviour in this country, where traditionally much smaller 12.5g packs would have been popular. The measure came into effect end of May 2017. Any substantive impact on the RYO market and consumption patterns will be seen over time.

Tobacco Products Tax Directive and Novel Products

55. While the above relates to the nature, design, quality and quantity of tobacco products themselves, the taxation of tobacco products is governed separately by the Tobacco Products Tax Directive 2011/64/EU. The 2011 Directive has been reviewed by the Commission, with a public consultation process and Impact Assessment report conducted last year. Some of the main issues highlighted for a possible revision in the Directive were the potential provision for e-cigarettes, heated tobacco, and other novel products. We understand that progress on a legislative proposal revising this Directive has, however, been put on hold perhaps until the new Commission is in place next year. In the interim, Member States are free to adopt national approaches.

56. Electronic cigarettes ('e-cigarettes') are products that deliver a non-medicinal nicotine-containing aerosol by heating a solution (or 'e-liquid') typically made up of propylene glycol, nicotine and flavouring agents. Despite their design, electronic cigarettes do not contain tobacco, and there is no combustion involved. Accordingly, neither e-cigarettes nor e-liquid fall under the harmonised regime for the taxation of tobacco products contained in the Tobacco Products Tax Directive, and may therefore be subject to rates and structures of duty arrived at by each Member State of the European Union.

57. The Department of Health have reserved their position thus far on the health implications of e-cigarette use[1]. In June 2014, the Government approved the drafting of a General Scheme of a Bill to provide for the introduction of a licensing system and other measures in relation to the sale of tobacco products and non-medicinal nicotine delivery systems, including e-cigarettes. The legislation will, inter alia, prohibit the sale of tobacco products from self-service vending machines and temporary or mobile units/containers. It will also prohibit the sale of non-medicinal nicotine delivery systems, including e-cigarettes, by and to persons under 18 years. A public consultation process to obtain views on those measures was conducted early in 2015. The drafting of the General Scheme of the legislation and the Regulatory Impact Assessment is currently underway.

58. Stakeholder opinions differ as to whether e-cigarettes are an effective cessation device, a substitution for tobacco, or even a ‘gate-way’ to tobacco products, particularly for young people. Research on this issue is evolving and a consensus is yet to emerge.

59. A number of Member States (such as Hungary, Italy, Latvia, Portugal, Romania and Slovenia) have introduced taxes on e-cigarettes, or on the e-liquid used in e-cigarettes.

[1] The HSE, in a policy statement on e-cigarettes has stated that it *“would not recommend anyone who is not already a smoker (i.e. using a regular tobacco product) to use an E-Cigarette, however compared with regular cigarettes, e-cigarettes are generally regarded as being less harmful than regular tobacco.”*

Other Member States are believed to be in the process of, or considering, applying an excise to e-cigarettes. However, it is understood that many Member States are awaiting both the guidance of their health authorities and any initiative that the EU Commission may propose before committing to a position on the taxation of e-cigarettes. The possibility of imposing such a tax on e-cigarettes or e-liquid in Ireland is considered below.

60. There are risks associated with a Member State moving ahead without a harmonised EU approach. As e-cigarettes are not harmonised excisable products the Revenue Commissioners would be unable to use movement controls and tax warehousing for tax collection purposes and the tax would have to be applied, on a self-assessment basis, to suppliers, in the same way as solid fuel carbon tax. Consumers, retailers and suppliers would be free to buy the product from other EU Member States with no import formalities.

61. Annual HSE survey data (HSE Smoking Prevalence Tracker) indicates that e-cigarette usage in Ireland is only moderately increasing, from 4.7% in 2015 to 5.7% in 2017. Based on current usage levels and having regard to particular enforcement challenges, any excise revenues from e-cigarettes are likely to be very modest.

62. As the Tobacco Products Directive addressed the regulation of e-cigarettes at an EU level, so the revision of the Tobacco Products Tax Directive may further address the taxation of e-cigarettes. It may be prudent to await further developments in relation to both the public health research and EU legislation before further considering this matter.

63. *'Heated tobacco products'* are single use products which operate through the heating of the tobacco contained in them to 300°C using an electronic device, and are generally sold in packs of 20. There is little consensus to date on the harmfulness of heated tobacco products, though the balance of public health authority opinion would appear to be sceptical towards claims that heated tobacco products are less harmful than cigarettes. They have appeared on the market in a number of Member States and have been considered in various forms for tax purposes. It would be preferable if the revision of Directive 2011/64 could agree a common, harmonised treatment for such products across Member States. Due to the delay in this revision, however, it may become necessary to legislate at a national level in the interim.

64. Heated tobacco products have yet to appear on the Irish market. Revenue have indicated that under current legislation they would be treated for excise purposes as 'other smoking tobacco' were they to be launched in the Irish market.

65. There remains the option, however, to insert a definition of heated tobacco products in the legislation for the purpose of applying the standard excise duty on these products. On a per stick basis there is a high excise gap between the 'other tobacco

category' and the 'cigarettes' category and in the absence of concrete evidence that these products are less harmful than cigarettes this may be a prudent option from a public health perspective.

66. Another option, as is currently being pursued in the UK, is to create a new category altogether for such products, whereby the rate could be set between the 'other smoking tobacco' rate and the 'cigarettes' rate.

67. In addition to harmonising the excise treatment of novel products, the review of the 2011 Directive may also present an opportunity to argue for higher minimum tobacco product tax rates in the Directive. Given Ireland's high tobacco taxes regime, underpinned by public health objectives, higher minimum rates across the EU would help with achieving a reduction in smoking prevalence. In 2017, 9% of tobacco products consumed in Ireland were purchased and tax paid in other Member States.

Options

Increase in Minimum Excise Duty

68. The Minimum Excise Duty (MED), with a legal base in the Tobacco Products Tax Directive, is an available tax policy tool to support public health objectives and promote fiscal sustainability.

69. The continued growth in value 20 packs and large, often discounted, packs, has changed the nature of the market. Taking into account that the introduction of plain packaging may lead to a further shift to lower priced cigarettes by Irish consumers, it may be prudent to raise the Minimum Excise Duty (MED) in Budget 2019.

70. The current MED is set at €344.07 per 1,000 (equivalent to €6.88 per 20 pack). This equates to a price trigger point for purpose of calculating Minimum Excise Duty (MED) of €7.75 (i.e. a 20 pack costing €7.75 *or less* would attract excise duties of €6.88). In effect the current MED is redundant as, at present, the lowest priced pack of 20 cigarettes retails at around €9.90, while some large packs are even lower priced on a per stick basis.

71. If the MED was increased to €358.76 per 1,000 (equivalent to €7.18 per 20 pack) – effectively set at a trigger price point of €11.00 – it would add 9.9c in excise to a 20 pack priced at €9.90. If the wholesaler/retailer margins were to remain the same it would cause the price to increase to €10.04 (VAT inclusive). In relation to a large pack of 30 retailing at €14.00, increasing the MED to €358.76 per 1,000 would add 32c in excise and if the wholesaler/retailer margins were to remain the same it would cause the price to increase to €14.32. Likewise, should the MED be increased so it takes effect at the current MPPC of €12.20, the excise take on the cheapest packs would

increase by 21 cent. The tobacco industry would need to increase the price by 30 cent (to €10.20) in order to maintain their current margin on such packs. The table below sets out estimated additional revenues for 2019 (in excise and VAT) from proposed increases in MED to trigger prices of €10, €10.50, €11 and €12.20.

Minimum Excise Duty 'trigger price'	€10.00	€10.50	€11.00	€12.20
Excise	€0.9m	€2.6m	€5.6m	€14.8m
VAT	€0.2m	€0.6m	€1.3m	€3.4m
Total Yield	**€1.2m**	**€3.1m**	**€6.9m**	**€18.3m**

72. Another option is to change the structure of the tax. If the balance of the rates was adjusted so as the ad valorem was reduced to 7% (with the specific element adjusted so as the total tax take at MPPC remains unchanged), the total tax take on the cheapest packs (€9.90) would increase by 5 cent. The tobacco industry would need to increase the price by 8 cent (to €9.98) in order to maintain their current margin on such packs. Likewise, if the balance of the rates was adjusted so as the ad valorem was reduced to 4%, the total tax take on the cheapest packs would increase by 12 cent. Tobacco companies would need to increase the price by 18 cent (to €10.08) in order to maintain their current margin on such packs.

Increase in TPT Option

73. The Programme for Partnership Government has committed to introducing higher excise on tobacco products over the course of the Government's term. The Irish Heart Foundation (IHF) and Irish Cancer Society (ICS) have proposed an annual TPT escalator of inflation + 5%, and have proposed increasing the duty on RYO to equalise the duty with cigarettes. Some elements of the industry has also proposed an annual TPT escalator with relatively low increases in duty and have proposed an increase in duty on RYO to equalise the duty with cigarettes.

74. The table below (which assumes no increase in the MED) indicates the effects of increasing various levels of duty on cigarettes (with pro rata increases on other tobacco). It also indicates the additional yield from an additional 50% duty increase on RYO on top of the pro rata increase on RYO.

Increase (per pack of 20 cigs)	Yield	Additional for 50% on RYO	Total Yield
10c	€11.7m	€0.3m	€12.0m
20c	€23.3m	€0.6m	€23.9m
30c	€34.9m	€1.0m	€35.9m
40c	€46.4m	€1.3m	€47.7m
50c	€57.8m	€1.6m	€59.4m
60c	€69.1m	€1.9m	€71.0m
70c	€80.4m	€2.2m	€82.6m
80c	€91.6m	€2.5m	€94.1m
90c	€102.7m	€2.8m	€105.5m
100c	€113.7m	€3.2m	€116.9m

75. It should be noted, as stated previously, that the Revenue Commissioners have expressed the view that increases in excise may not lead to increased yields, as consumers are further incentivised to exit the tobacco products market in Ireland. Therefore the above yield projections could be significantly affected by demand elasticity.

Betting Duty

Background

76. There has been ongoing pressure to increase the excise duty in respect of betting. This has been driven by a number of issues not least the historical link between betting revenues and the funding of the horse and greyhound fund. To date, the priority has been to extend the betting duty to remote operators thus levelling the playing field for all bookmakers. This was achieved through the enactment of the Betting (Amendment) Act 2015 in March 2015 and the extension of betting duty to the remote sector which was introduced in August 2015.

Extension of Betting Duty to remote sector

77. The Betting (Amendment) Act 2015 brought remote bookmakers and remote betting intermediaries within the scope of the licensing regime in Ireland from August 2015. Previously remote bookmakers and betting intermediaries, despite being in direct competition with retail bookmakers, up until that point did not have the same tax liability. Online bookmakers are now liable for duty at 1% on the amount of a bet from customers in the State, whilst online betting intermediaries are required to pay a duty of 15% of the commission they charge to customers in the State. In addition to providing fairness to all competitors in the industry, the widening of the tax base by the inclusion of remote betting operators and intermediaries into the tax net resulted in an increase of betting tax receipts, from €26.2m in 2014 to €50.7m in 2016. The receipts have remained at this level with 2017 receipts some €52.2m, an increase of 3%.

Department of Finance Review 2017

78. The Department of Finance conducted a review of the betting taxation policy in 2017. The current policy in relation to licensed bookmakers, whether they are traditional or remote, is a 1% tax on turnover and a 15% tax on the commission earned by licensed betting intermediaries. The separate rate of 15% gross profit tax is applied to the commission earned by betting exchanges or intermediaries to reflect the different business model applying in these cases.

    As part of this review a public consultation was held. The views of industry, stakeholders and the general public were sought on policy options including:

- Increasing the existing rates for both bookmakers and intermediaries;
- Taxing the punter, whether that would be when the bet is placed and/or taxing a punter's winnings;
- Taxing the gross profits of bookmakers .

79. A total of 13 submissions were received. Of these, eight were from the betting / gaming industry, two were from the horse racing industry, two from individuals and one from the addiction advocacy side.

    The review was included in the Tax Strategy Group Paper – TSG 17/07 "General Excise Paper – Tobacco Products Tax, Alcohol Products Tax and Betting Duty and can be found on the Department's website at https://www.finance.gov.ie/wp-content/uploads/2017/07/TSG-17-07-General-Excise-GK.pdf.

Options

80. Betting receipts increased by 3% in 2017 from €50.7m to €52.2m. Given the overall increase in employment and economic growth, we expect betting receipts to increase further again this year. Revenue has estimated an increase in betting receipts in 2018 and are forecasting a total of €53.3m for 2018, which would infer a growth of 2.1%.

81. An increase in the tax rate from 1% to 2% for the traditional and remote bookmakers would result in a doubling of tax receipts from €51.5m in 2018 to €103m in 2019.

82. In addition, an increase in the tax rate on commissions earned by betting intermediaries, from 15% to 30%, is forecasted to result in a doubling of tax receipts from €1.8m in 2018 to €3.6m in 2019.

83. These aggregated changes in the tax rates are therefore estimated to deliver total tax receipts from betting in the region of €106.6m in 2019.

APPENDIX I

Alcohol Products Tax incidence by alcohol product in EU Member States – January 2018

Beer **€ per HL per degree of alcohol of finished product**		**Wine (Still)** **€ per hectolitre of product**		**Wine (Sparkling)** **€ per hectolitre of product**		**Spirits** **€ per hectolitre of pure alcohol**	
FINLAND	35.55	**IRELAND**	**424.84**	**IRELAND**	**849.68**	SWEDEN	5,378.06
IRELAND	**22.55**	FINLAND	383.00	UK	420.36	FINLAND	4,785.00
UK	21.69	UK	328.19	FINLAND	383.00	**IRELAND**	**4,257.00**
SWEDEN	21.03	SWEDEN	272.55	SWEDEN	272.55	UK	3,267.65
ESTONIA	15.52	LITHUANIA	164.67	BELGIUM	256.32	BELGIUM	2,992.79
GREECE	12.50	DENMARK	156.01	DENMARK	201.03	GREECE	2,450.00
SLOVENIA	12.10	ESTONIA	123.18	LITHUANIA	164.67	ESTONIA	2,389.00
ITALY	7.55	NETHERLANDS	88.30	GERMANY	136.00	DENMARK	2,015.64
DENMARK	7.52	LATVIA	78.00	ESTONIA	123.18	FRANCE	1,741.04
FRANCE	7.42	BELGIUM	74.90	AUSTRIA	100.00	NETHERLANDS	1,686.00
LITHUANIA	7.11	POLAND	36.63	CZECH REP.	90.01	LATVIA	1,450.00
NETHERLANDS	6.48	MALTA	20.50	NETHERLANDS	88.30	MALTA	1,360.00
CYPRUS	6.00	GREECE	20.00	SLOVAK REP.	79.65	POLAND	1,322.45
CROATIA	5.33	FRANCE	3.78	LATVIA	78.00	LITHUANIA	1,665.04
HUNGARY	5.2	BULGARIA	0.00	HUNGARY	52.85	SLOVENIA	1,320.00
BELGIUM	5.01	CZECH REP.	0.00	POLAND	36.63	GERMANY	1,303.00
AUSTRIA	5.00	GERMANY	0.00	MALTA	20.50	PORTUGAL	1,386.93
MALTA	4.83	SPAIN	0.00	GREECE	20.00	AUSTRIA	1,200.00
POLAND	4.52	CROATIA	0.00	ROMANIA	10.33	SLOVAK REP.	1,080.00
LATVIA	4.50	ITALY	0.00	FRANCE	9.35	HUNGARY	1,070.46
PORTUGAL	3.78	CYPRUS	0.00	BULGARIA	0.00	CZECH REP.	1,096.36
SLOVAK REP.	3.59	LUXEMBOURG	0.00	SPAIN	0.00	LUXEMBOURG	1,041.15
CZECH REP.	3.08	HUNGARY	0.00	CROATIA	0.00	ITALY	1,035.52
SPAIN	2.26	AUSTRIA	0.00	ITALY	0.00	CYPRUS	956.82
LUXEMBOURG	1.98	PORTUGAL	0.00	CYPRUS	0.00	SPAIN	958.94
GERMANY	1.97	ROMANIA	0.00	LUXEMBOURG	0.00	ROMANIA	720.82
BULGARIA	1.92	SLOVENIA	0.00	PORTUGAL	0.00	CROATIA	706.95
ROMANIA	1.80	SLOVAK REP.	0.00	SLOVENIA	0.00	BULGARIA	562.43
EU Average	**8.4925**	**EU Average**	**77.6625**	**EU Average**	**121.16**	**EU Average**	**1,828.54**
EU Minima	**1.87**	**EU Minima**	**0**	**EU Minima**	**0**	**EU Minima**	**550**

* UK Rates as of March 17 @ ex.rate 0.87953 (on 23/05/2018)

APPENDIX II

Cross-Border Price Comparisons May 2018- Alcohol

Products	Price in this State (€)	Price in N. Irl (€)	Difference (€)	Total Tax/Duty in this State (€)	Total Tax/Duty N. Irl (€)	Difference Total Tax/Duty (€)
Stout (500ml can)	2.17	2.11	0.06	0.88	0.81	0.07
Lager (500ml can)	2.20	1.66	0.54	0.90	0.80	0.10
Lager (330ml bottle)	1.66	1.15	0.51	0.63	0.50	0.13
Bottle of Vodka	20.00	15.48	4.52	14.91	11.22	3.69
Bottle of Whiskey	26.78	23.21	3.57	16.93	13.09	3.84
Bottle of Wine (Chardonnay)	10.85	8.70	2.15	5.22	3.93	1.29
Bottle of Wine (Sauv. Blanc)	10.00	8.28	1.72	5.06	3.86	1.20
Sparkling Wine	17.18	14.31	2.87	9.59	5.56	4.02

*EUR/GBP exchange rate on survey date was 0.8729.

APPENDIX III

Specific, Ad Valorem and Minimum Excise Duty Rates per 1,000 Cigarettes*

Sorted by Weighted Average Price (highest to lowest)*

Member State	WAP/ 1000	Specific Excise / 1000	Specific Excise as a % of Total Tax (including VAT)	Ad valorem as a % of WAP	Minimum Excise as a % of WAP	Total excise duty***	Total tax as % of WAP
Ireland	€539.00	€309.04	67.39%	9.04%	70.42%	€357.77	89.12%
UK	€446.95	€248.63	62.65%	16.50%	72.13%	€322.38	88.80%
France	€337.75	€48.75	17.86%	49.70%	64.13%	€216.61	80.80%
Netherlands	€307.89	€166.46	70.75%	5.00%	59.06%	€181.85	76.42%
Sweden	€299.79	€160.32	71.80%	1.00%	54.48%	€163.32	74.48%
Belgium	€293.98	€64.60	27.69%	40.04%	62.01%	€182.31	79.37%
Denmark	€268.04	€158.90	73.84%	1.00%	60.28%	€161.58	80.28%
Finland	€305.99	€53.75	19.75%	52.00%	69.57%	**€235.50**	88.92%
Germany	€273.55	€98.20	48.81%	21.69%	57.59%	€157.53	73.55%
Malta	€262.63	€107.00	51.31%	23.40%	64.14%	€168.46	79.40%
Italy	€238.00	€19.28	10.50%	51.00%	59.10%	€140.66	77.13%
Spain	€226.00	€24.70	13.78%	51.00%	61.93%	€139.96	79.28%
Luxembourg	€230.00	€18.89	11.84%	46.65%	54.86%	€126.19	69.39%
Austria	€229.70	€53.00	29.30%	39.00%	62.07%	€142.58	78.74%
Cyprus	€214.00	€55.00	33.97%	34.00%	59.70%	€127.76	75.67%
Portugal	€220.00	€94.89	58.38%	15.00%	58.13%	**€134.65**	73.89%
Greece	€187.30	€82.50	49.27%	26.00%	70.05%	€131.20	89.40%
Slovenia	€175.50	€71.32	50.00%	22.61%	63.25%	€111.00	81.28%
Hungary	€175.81	€52.02	39.01%	25.00%	54.59%	€95.97	75.85%
Romania	€165.59	€72.71	59.44%	14.00%	57.91%	€95.89	73.88%
Poland	€159.50	€47.94	37.49%	31.41%	61.46%	€98.04	80.16%
Estonia	€162.00	€69.50	47.90%	30.00%	72.90%	€118.10	89.57%
Slovakia	€156.28	€61.80	49.92%	23.00%	62.54%	€97.74	79.21%

Croatia	€152.59	€41.35	33.41%	34.00%	61.10%	€93.23	81.10%
Czech Republic	€165.42	€56.16	43.36%	27.00%	60.95%	**€101.17**	78.31%
Latvia	€151.38	€67.00	54.23%	20.00%	64.26%	€99.00	81.61%
Lithuania	€149.50	€56.00	46.93%	25.00%	62.46%	€93.38	79.81%
Bulgaria	€127.57	€55.73	51.18%	25.00%	68.69%	**€90.50**	85.35%

*The information contained in this table is based on information provided by each EU Member State to the European Commission and published in the "*EU Excise Duty Tables*, *January 2018*". There may be some variations within the figures provided due to rounding or particular national means of calculating excise duty not evident from these tables.

**UK exchange rate 0.8737 of 22/06/ 2018.

*** MS highlighted in bold have minimum excise duty which is equal to or higher than the standard rates of excise duty based on WAP.

APPENDIX IV

Table 1: Breakdown of receipts from licences in 2017

Licences 2017	Net Receipts	Numbers
	€	Issued
Bookmakers Licences	77,250	174
Bookmaking Premises	329,460	462
Remote Betting Intermediaries	100,000	6
Remote Bookmakers	1,105,000	65
Total	1,611,710	707

Table 2: Breakdown of betting receipts from 1996 to 2017

Year	Rate	€m
1996	10%	51.6
1997	10%	57.8
1998	10%	67.1
1999	5%	67.8
2000	5%	58.9
2001	5%	68.1
2002	2%	48.0
2003	2%	38.4
2004	2%	45.6
2005[2]	2%	45.8
2006	1% payable by industry	54.3
2007	1%	36.4
2008	1%	36.7
2009	1%	31.0
2010	1%	30.9
2011	1%	27.1
2012	1%	27.1
2013	1%	25.4
2014	1%	26.2
2015 (1 August)	1% on bookmakers & 15% of commission on betting intermediaries	31.1
2016	As above	50.7
2017	As above	52.2

[2] 2005 yield not comparable with previous years due to change in collection arrangements with some receipts for 2005 now falling to be collected in 2006